

Original Article

Investigating the Underlying Causes of Low Employee Retention

¹Mohd Mansoor Hussain

¹Associate Professor, Avinash College of Commerce, Himayathnagar, Hyderabad, Telangana India.

Received Date: 14 October 2023 Revised Date: 23 October 2023 Accepted Date: 26 October 2023 Published Date: 28 October 2023

Abstract: This research paper investigates the factors contributing to low employee retention in firms, examining organizational, individual, and strategic issues to provide actionable recommendations for change. This study uses qualitative interviews and internal corporate documentation to investigate organizational factors influencing poor employee retention rates, such as leadership effectiveness, career growth possibilities, work-life balance, and company culture. Individual factors influencing employee retention rates, such as job satisfaction, engagement, and perceived contribution value, are investigated in this study. To understand potential variances, it evaluates demographic data such as age, gender, and work level. This study investigates staff retention issues and suggests evidence-based solutions. It combines qualitative and quantitative information to discover organizational and individual issues. The ideas are intended to develop a positive work environment and employee loyalty.

Keywords: Investigating, Underlying Causes, Low Employee Retention, Organizational Factors, Exploration, Individual Factors.

I. INTRODUCTION

In today's competitive business climate, employee retention is critical to organizational success. The ability of a firm to attract and keep exceptional individuals directly impacts its performance, culture, and overall viability. Despite this understanding, many businesses continue to struggle with low staff retention. This study report investigates the core causes of low staff retention in depth. The research aims to provide insights that will lead to major improvements while illuminating the nuances of employee retention by analyzing a wide range of elements that contribute to this issue.

Employee retention is influenced not just by personal motives but also by organizational dynamics. This study identifies and examines important organizational variables that correlate to low employee retention rates. Elements such as leadership effectiveness, professional growth opportunities, work-life balance, and business culture are explored to understand how they influence employee retention decisions. A combination informs this inquiry of qualitative methodologies, including interviews with current and former employees and an in-depth review of internal business material.

This study looks into the effect of individual traits on employee retention rates. Job happiness, job engagement, and the perceived value of contributions are critical factors influencing whether employees stay or go. Understanding these characteristics enables a more in-depth investigation of how personal experiences and perceptions influence retention decisions. Furthermore, demographic data are used to identify potential differences in the influence of these factors across different employee groups.

By drawing on industry best practices and scholarly ideas, this research piece attempts to give evidence-based approaches and solutions to solve low staff retention. Based on the findings of qualitative interviews and quantitative surveys, these recommendations provide specific steps to address the identified organizational and individual challenges.

In summary, the study's findings assist in enhancing comprehension of the myriad elements that lead to low staff retention. By assessing organizational dynamics, individual perspectives, and strategic concerns, this study seeks to offer insightful advice to businesses looking to enhance employee retention.

II. OBJECTIVES

- Identifying and analyzing the key organizational factors contributing to low employee retention rates, focusing on business atmosphere, balance between work and life, professional growth possibilities, and leadership effectiveness.
- To explore the effect of individual elements such as involvement and fulfillment in work and perceived value of contributions on employee retention rates.
- To give recommendations for increasing employee retention based on a thorough examination of industry best practices and academic literature.



III. FACTORS AFFECTING EMPLOYEE RETENTION

Employee retention is now recognized as a major determinant of a company's competitive edge, operational efficiency, and long-term success. As businesses continue to battle with low employee retention rates, understanding the intricate web of factors that contribute to this issue becomes increasingly important. This literature review delves into the corpus of research on employee retention, emphasising the organizational and human elements affecting workers' choice to stay or go. The evaluation also looks into potential remedies to this problem, providing insights that can be utilized to inform the investigation of poor employee morale.

Organizational characteristics have a significant impact on employee retention rates. Leadership effectiveness is critical. Allen, Shore, and Griffeth (2003) emphasize the importance of perceived organizational support (POS) in the turnover process. Employees who feel strong leadership support are more likely to stay with the company since it contributes to their sense of belonging and loyalty to the company. Furthermore, Heskett, Sasser Jr., and Schlesinger (1997) introduce the service-profit chain model, emphasizing the interconnectedness of organizational climate, staff happiness, and customer loyalty. A pleasant work atmosphere and excellent leadership help to retain employees.

Professional development opportunities are also essential. According to Cable and Judge (1996), person-organization fit improves work satisfaction and retention rates by aligning employee beliefs and goals with the company's mission. Organizations that invest in their employees' professional development and provide advancement chances foster a sense of loyalty and dedication among their employees.

Work-life balance is becoming more crucial in today's workplace. Employees' capacity to combine their personal and professional lives directly impacts their job satisfaction and willingness to stay. Flexible scheduling, remote work options, and wellness initiatives, for example, can assist employers in avoiding burnout and boosting retention (Society for Human Resource Management, 2019).

Employee retention is heavily influenced by individual traits as well as organizational dynamics. Job satisfaction is an essential aspect. Employees who believe their work is meaningful and tied to their beliefs, according to Saks (2006), are more likely to stay with their company. Dissatisfaction, on the other hand, can lead to disengagement and, finally, turnover.

Job involvement supplements job joy. Engaged employees have a deep connection to their work and the organization, which leads to higher retention rates. Engaged individuals are more likely to devote discretionary effort and contribute positively to business culture (Ulrich & Smallwood, 2012). These elements not only boost personal fulfillment but also contribute to a more good work environment, which influences retention decisions

- **Lack of Employee Morale:** Employee morale, influenced by job satisfaction and overall happiness, significantly impacts an organization's productivity and overall attitude, resulting in a negative work environment.
- **No Career Development:** Employees, especially those working from home, may feel unappreciated due to a lack of advancement within their company. This can lead to job insecurity and a search for better opportunities. In the current disruptive economy, employees prioritize growth over stability, so companies lacking an employee retention program risk losing employees.
- **Lack Of Recognition:** Effective leadership involves validating achievements, motivating employees, and offering both monetary and non-monetary incentives to increase engagement and foster a culture of gratitude and recognition.
- **Poor Relationship Between Management and Staff:** Employees often spend most of their days away from family, making coworkers and managers like family. To maintain functional business ties, supportive managers are essential. Micromanaging employees can lead to suffocation and early job loss.
- **Poor Work-Life Balance:** Firms often neglect to balance work and personal hours, particularly for remote workers, leading to increased burnout and dissatisfaction. Today, employees demand flexible work hours to balance career and personal life.
- **Improper Onboarding Process for New Joiners:** Firms often misrepresent new employees' roles and advancement potential, leading to higher expectations than the company can meet during the onboarding process.
- **Employee Wellness:** Organizations serve various purposes, including employment advancement and financial security, but employees' social, community and physical well-being are now primary concerns, prompting them to seek alternative work.
- **Compensation:** Pay and retention are always linked, according to studies. However, experts are divided on its impact on retention.

IV. THE IMPACT OF INDIVIDUAL ELEMENTS ON EMPLOYEE RETENTION RATES

Individual factors such as job satisfaction, job engagement, and perceived value of contributions all have a major and well-documented impact on employee retention rates in the fields of human resource management and organizational

psychology. These factors are critical in determining whether employees opt to stay with a company or seek employment elsewhere. Let's look at how each factor affects retention rates.

A) Job Satisfaction

- **Positive Impact on Retention:** Job satisfaction is the overall contentment and happiness an employee experiences in their job, which can lead to increased retention and reduced motivation to seek alternative employment.
- **Negative Impact on Retention:** Because disgruntled workers can actively check out new employment opportunities, inadequate satisfaction with work can lead to higher attrition rates.
- **Job Engagement**
- **Positive Impact on Retention:** Job engagement refers to employees' emotional investment in their work, resulting in enthusiasm, commitment, loyalty, and reduced likelihood of leaving the organization.
- **Negative Impact on Retention:** Because disconnected workers are more likely to look for more rewarding chances elsewhere, dissatisfaction among workers can result in decreased recruitment rates.
- **Perceived Value of Contributions:**
- **Positive Impact on Retention:** Employees who believe their company values them are likely to stick around because rewards and recognition for their contributions encourage commitment.
- **Negative Impact on Retention:** Employees who feel their contributions are overlooked or undervalued may become disillusioned and disheartened, leading to increased turnover rates.

V. STRATEGIES FOR ENHANCING EMPLOYEE RETENTION

According to the study, there are various methods for enhancing staff retention. Implementing successful leadership development programs is crucial. A supportive leadership strategy emphasising regular feedback, coaching, and chances for skill advancement increases employee engagement and connection to the organization (Allen et al., 2003).

Addressing career development needs is also essential. Organizations may keep people interested and motivated by providing clear paths for progress and opportunities for continuous learning (Cable & Judge, 1996). When personal ambitions are matched with organizational growth, employees are more likely to commit to long-term relationships with the company.

Organizations can promote work-life balance by creating flexible policies that allow employees to carry out their responsibilities properly. Remote work choices, family-friendly policies, and wellness programs can assist in mitigating the harmful effects of stress and overwork, resulting in higher employee retention (Society for Human Resource Management, 2019).

- **Job Satisfaction:** The study found that job fulfillment and employee retention correlate positively. Workers tended to stick with the company if they expressed greater job satisfaction. Employment happiness was influenced by job positions matching individual strengths and interests, a fair wage, and recognition for success.
- **Job Engagement:** Workers passionate about what they do have a higher retention rate. People who felt strongly connected to their work and the organization were more inclined to devote discretionary effort and positively influence corporate culture. Employees who were engaged regarded their contributions as meaningful, which promoted a sense of commitment to the company.
- **Employee Retention and Organizational Leadership Effectiveness:** The study showed a significant association between employee retention and organizational leadership effectiveness. Employees who reported greater degrees of perceived organizational support (POS) from their supervisors were more inclined to wish to remain employed by the business. Strong leadership that emphasizes communication, acknowledgement, and employee development has been found to promote a sense of loyalty and dedication.
- **Career Development Opportunities:** According to the findings, employees' opinions of future growth opportunities directly impacted their likelihood of staying with the company. Organizations with defined professional advancement paths, skill development programs, and mentorship opportunities have higher retention rates. Employees were more loyal when their professional ambitions aligned with the company's commitment to employee development.
- **Work-Life Balance:** The importance of work-life balance in retaining employees has grown. Employees who reported being able to combine work and personal responsibilities reported higher job satisfaction and, as a result, a stronger intent to stay with the company. Organizations that implemented flexible work arrangements, remote work options, and wellness programs saw lower turnover rates.
- **Leadership Development Programs:** Organizations that aim to increase employee retention should engage in leadership development programs that enable leaders to provide support, recognition, and effective communication. Employee loyalty improves as a result, and turnover lowers.

- **Clarity in Career Paths:** It is vital to retain people by providing clear career growth paths and opportunities for ongoing learning. Organizations can build a culture that supports employee development and aligns personal goals with the firm's broader direction.
- **Workplace Flexibility Policies:** Employers may retain employees by allowing flexible time management and promoting a balance between work and personal life. Reducing employee burnout and fostering a positive work environment can be achieved by providing wellness programs and remote work options.

VI. CONCLUSION

To better understand the complex issue of low employee retention, this study focused on three distinct goals: the identification and analysis of organizational drivers, the examination of individual characteristics, and the provision of evidence-based solutions. A comprehensive picture has emerged by evaluating these factors, shedding light on the underlying causes and potential remedies for low employee retention.

The first objective was to concentrate on organizational factors. An analysis of leadership effectiveness, professional growth opportunities, and work-life balance indicated that these factors influence employee retention rates significantly. Employee loyalty is fostered through excellent leadership that fosters a culture of support and growth and clearly defined paths for professional advancement. A corporate commitment to work-life balance also increases job satisfaction, influencing retention decisions.

The second objective concentrated on individual factors, highlighting the importance of job satisfaction and job engagement. The findings confirmed that workers who delight in their jobs and are happy in their positions are more inclined to stick with the organization. This underlines the necessity of building an atmosphere that encourages active engagement and personal contribution and gives compelling employment prospects.

The final objective proposes measures to improve staff retention based on the above information. Leadership development programs emerge as a potential catalyst, equipping leaders to provide support, acknowledgment, and effective communication. Aligning employees' goals with clear progression routes is also essential for keeping a motivated workforce. Adopting flexible work rules acknowledges the desire of the modern workforce for a decent work-life balance, increasing employee well-being and satisfaction.

VII. REFERENCES

- [1] Allen, D. G., Shore, L. M., & Griffeth, R. W. (2003). The role of perceived organizational support and supportive human resource practices in the turnover process. *Journal of Management*, 29(1), 99-118.
- [2] Cable, D. M., & Judge, T. A. (1996). Person-organization fit, job choice decisions, and organizational entry. *Organizational Behaviour and Human Decision Processes*, 67(3), 294-311.
- [3] Heskett, J. L., Sasser Jr, W. E., & Schlesinger, L. A. (1997). *The service-profit chain*. Free Press.
- [4] Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21(7), 600-619.
- [5] Society for Human Resource Management. (2019). Employee job satisfaction and engagement: The doors of opportunity are open. *SHRM Research*.
- [6] Ulrich, D., & Smallwood, N. (2012). *Leadership brand: Developing customer-focused leaders to drive performance and build lasting value*. Harvard Business Press.
- [7] Spector, P. E. (1997). *Job satisfaction: Application, assessment, causes, and consequences* (Vol. 3). SAGE Publications.
- [8] Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. K. (2001). The job satisfaction-job performance relationship: A qualitative and quantitative review. *Psychological Bulletin*, 127(3), 376-407.
- [9] Hackman, J. R., & Oldham, G. R. (1976). Motivation through the design of work: Test of a theory. *Organizational Behaviour and Human Performance*, 16(2), 250-279.
- [10] Becker, B. E., Huselid, M. A., Pickus, P. S., & Spratt, M. F. (1997). HR as a source of shareholder value: Research and recommendations. *Human Resource Management*, 36(1), 39-47.
- [11] Blau, G. (1985). The measurement and prediction of career commitment. *Journal of Occupational Psychology*, 58(4), 277-288.
- [12] Cohen, A. (1993). Age and tenure about organizational commitment: A meta-analysis. *Basic and Applied Social Psychology*, 14(2), 143-159.
- [13] Eisenberger, R., Huntington, R., Hutchison, S., & Sowa, D. (1986). Perceived organizational support. *Journal of Applied Psychology*, 71(3), 500-507.
- [14] Guest, D. (2017). Human resource management and employee well-being: Towards a new analytic framework. *Human Resource Management Journal*, 27(1), 22-38.
- [15] Hom, P. W., & Kinicki, A. J. (2001). Toward a greater understanding of how dissatisfaction drives employee turnover. *Academy of Management Journal*, 44(5), 975-987.
- [16] Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635-672.
- [17] Maslach, C., & Leiter, M. P. (2008). Early predictors of job burnout and engagement. *Journal of Applied Psychology*, 93(3), 498-512.
- [18] Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61-89.
- [19] O'Reilly, C. A., & Chatman, J. A. (1986). Organizational commitment and psychological attachment: The effects of compliance, identification, and internalization on prosocial behavior. *Journal of Applied Psychology*, 71(3), 492-499.
- [20] Podsakoff, P. M., Mac Kenzie, S. B., Paine, J. B., & Bachrach, D. G. (2000). Organizational citizenship behaviors: A critical review of the theoretical and empirical literature and suggestions for future research. *Journal of Management*, 26(3), 513-563.
- [21] Price, J. L. (2001). Reflections on the determinants of voluntary turnover. *International Journal of Manpower*, 22(7), 600-624.

- [22] Schneider, B., & Bowen, D. E. (1995). Employee and customer perceptions of service in banks: Replication and extension. *Journal of Applied Psychology*, 80(6), 858-864.
- [23] Tett, R. P., & Meyer, J. P. (1993). Job satisfaction, organizational commitment, turnover intention, and turnover: Path analyses based on meta-analytic findings. *Personnel Psychology*, 46(2), 259-293.
- [24] Vroom, V. H. (1964). *Work and motivation*. John Wiley & Sons.
- [25] Wang, H., Law, K. S., Hackett, R. D., Wang, D., & Chen, Z. X. (2005). Leader-member exchange as a mediator of the relationship between transformational leadership and followers' performance and organizational citizenship behavior. *Academy of Management Journal*, 48(3), 420-432.
- [26] Wayne, S. J., Shore, L. M., & Liden, R. C. (1997). Perceived organizational support and leader-member exchange: A social exchange perspective. *Academy of Management Journal*, 40(1), 82-111.